



# ANNUAL REPORT 2002

AMEX Ticker - PAB

[www.pabbankshares.com](http://www.pabbankshares.com)

## PAB Bankshares, Inc.,

is the bank holding company for **The Park Avenue Bank**, a state-chartered commercial bank founded in Valdosta, Georgia in 1956. The Bank operates 17 banking offices in Georgia and Florida and is the 10th largest bank headquartered in Georgia, in terms of total in-state deposits, based on FDIC statistics.



*“We* believe that **Park Avenue** is a name that is recognized as a symbol of first class service, and one that fits any market we now serve and hope to serve in the future.”

Michael E. Ricketson  
President & Chief Executive Officer

*"We have taken the steps to strengthen our balance sheet and preempt future loan problems by adopting a new and more stringent loan policy and approval process. We have strengthened the loan review area by increasing the number and frequency of our loan reviews and have begun ongoing internal education courses for our lenders. Each of these components is designed to improve our overall underwriting practices during 2002."*



Michael E. Ricketson

The forgoing comments were in my previous letter to the company's shareholders. The noted changes were made to our lending practices to prevent the quality of our loan portfolio from deteriorating further. While continuing to assess the level of our loan problems in 2002, our loan portfolio declined by \$82.6 Million. While our loans were declining, our non performing loans were increasing. A non performing loan is principally one for which no income is being accrued because we have not received any payment for 90 days since the last payment due date. Our non performing loans peaked at \$16 Million in June, 2002. Non performing loans decreased to \$10.4 Million by the end of the year. During the year, our net loan charge offs were \$6.2 Million. We will continue our work to improve the quality of our loan portfolio.

We achieved net income of \$6.3 Million for the year. With our declining loan portfolio, non interest expense and our interest bearing deposits were managed to improve the company's profitability.

Last year, I reported about the progress of our bank charter consolidation project. We completed the project during the year and it has improved the efficiency and the cost of our banking operations.

The Park Avenue Bank is a name recognized as a symbol of first class service. We are in the process of changing our trade names used in other markets to the Park Avenue Bank. When completed, all of our banks will bear The Park Avenue Bank name.

The construction of our branch bank in Hall County, Georgia is complete. The staff grew the branch's assets to over \$50 Million while operating from a temporary facility. We are very pleased with the progress of The Park Avenue Bank in the metro Atlanta region.

Last month, we announced the resumption of a quarterly dividend. With the approval of the Federal Reserve Bank of Atlanta, the Board of Directors approved a \$.03 per share dividend payable to the shareholders of record as of March 31, 2003. It is the desire of the Board of Directors to pay a quarterly dividend in the future.

If you do not bank with The Park Avenue Bank, I extend to you an invitation to become a customer. We offer full service banking with a wide array of products and services for your business and personal needs. By banking with us, you will help grow "your" company!

I thank you for your support of our company and its employees. I promise you that we are focusing on achieving long-term profitability and increasing shareholder value.



Michael E. Ricketson  
President & Chief Executive Officer

## PAB Bankshares Financial Highlights

(Dollars in thousands)

	1996	1997	1998	1999	2000	2001	2002
<b>TOTAL ASSETS</b>	\$ 535,102	\$ 572,172	\$ 620,111	\$ 664,969	\$ 794,907	\$ 859,143	\$ 747,911
<b>LOANS, NET OF ALLOWANCE</b>	\$ 366,517	\$ 404,909	\$ 435,343	\$ 489,380	\$ 572,552	\$ 622,060	\$ 543,141
<b>DEPOSITS</b>	\$ 452,048	\$ 472,556	\$ 504,087	\$ 516,204	\$ 637,180	\$ 720,398	\$ 606,730
<b>EQUITY</b>	\$ 56,779	\$ 59,763	\$ 66,063	\$ 69,611	\$ 70,780	\$ 65,372	\$ 71,265
<b>NET INCOME</b>	\$ 5,833	\$ 7,508	\$ 7,987	\$ 8,693	\$ 5,726	\$ 148	\$ 6,347
<b>NET INTEREST MARGIN</b>	4.33%	4.37%	4.53%	4.63%	4.52%	3.49%	3.92%
<b>DILUTED EARNINGS PER SHARE</b>	\$ 0.62	\$ 0.78	\$ 0.81	\$ 0.89	\$ 0.60	\$ 0.02	\$ 0.67
<b>RETURN ON AVERAGE ASSETS</b>	1.14%	1.35%	1.34%	1.38%	0.82%	0.02%	0.81%
<b>RETURN ON AVERAGE EQUITY</b>	10.69%	12.88%	12.70%	12.75%	8.10%	0.20%	9.34%
<b>EFFICIENCY RATIO</b> (Excluding Merger & Conversion)	61.38%	55.28%	55.06%	57.12%	60.39%	74.02%	67.04%
<b>BOOK VALUE PER SHARE</b>	\$ 5.95	\$ 6.23	\$ 6.88	\$ 7.24	\$ 7.45	\$ 6.95	\$ 7.56

## Offices *(as of March 31, 2003)*

### **The Park Avenue Bank**

Main Office

3102 North Oak Street Ext.  
Valdosta, GA 31602  
(229) 242-7758

1517 Baytree Road  
Valdosta, GA 31602  
(229) 241-2799

124 West Hill Avenue  
Valdosta, GA 31601  
(229) 242-1993

1012 Lakes Boulevard  
Lake Park, GA 31636  
(229) 559-7056

301 West Fourth Street  
Adel, GA 31620  
(229) 896-4585

198 East Parker Street  
Baxley, GA 31513  
(912) 367-7791

22 East Jarman Street  
Hazlehurst, GA 31539  
(912) 375-7588

226 South Broad Street  
Bainbridge, GA 39817  
(229) 248-3800

1705 East Shotwell Street  
Bainbridge, GA 39817  
(229) 248-1519

1510 Dothan Road  
Bainbridge, GA 39817  
(229) 248-3838

802 North Broad Street  
Cairo, GA 39828  
(229) 377-1230

1400 South Cedar Street  
McDonough, GA 30253  
(770) 898-0852

4058 Continental Drive  
Oakwood, GA 30566  
(678) 450-8550

335 South Main Street  
Statesboro, GA 30458  
(912) 764-8900

726 Northside Drive East  
Statesboro, GA 30458  
(912) 489-9500

8375 S.W. State Road #200  
Ocala, FL 34481  
(352) 854-2265

1626 S.E. 36th Avenue  
Ocala, FL 34471  
(352) 624-4355

Loan Production Office  
2250 Satellite Blvd., Ste. 155  
Duluth, Georgia 30097-4075  
(678) 957-0229



*A Tradition of* **Community Banking**

[www.parkavebank.com](http://www.parkavebank.com)

### Board of Directors:

James L. Dewar, Jr. -  
*Chairman*  
R. Bradford Burnette  
Walter W. Carroll, II  
Michael H. Godwin

Bill J. Jones  
James B. Lanier, Jr.  
Kennith D. McLeod  
Paul E. Parker

Michael E. Ricketson  
F. Ferrell Scruggs, Sr.  
John M. Simmons, III  
Joe P. Singletary, Jr.

### Executive Officers:

#### **Michael E. Ricketson**

*Chief Executive Officer/President*  
e-mail: miker@pabbankshares.com

#### **M. Burke Welsh, Jr.**

*Senior Executive Vice President/  
Chief Banking Officer*  
e-mail: burkew@pabbankshares.com

#### **Donald J. Torbert, Jr.**

*Senior Vice President/Chief Financial Officer*  
e-mail: jayt@pabbankshares.com

#### **R. Wesley Fuller**

*Executive Vice President/Director of Operations*  
e-mail: wfuller@pabbankshares.com

*W*e want our company to be known as one that cares about people and is:

- The financial services provider of choice
- The acquirer of choice
- The employer of choice

**We believe that this philosophy will increase shareholder value.**





**PAB BANKSHARES, INC.**  
**CORPORATE OFFICES**  
**3250**

## Shareholder Information

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### Corporate Office

PAB Bankshares, Inc.  
3250 North Valdosta Road  
P.O. Box 3460  
Valdosta, GA 31604-3460  
(229) 241-2775  
[www.pabbankshares.com](http://www.pabbankshares.com)

### General Counsel

Coleman, Talley, Newbern,  
Kurrie, Preston & Holland, LLP  
P.O. Box 5437  
Valdosta, GA 31603-5437

### Independent Certified Public Accountants

Mauldin & Jenkins CPA's &  
Consultants, LLC  
P.O. Box 71549  
Albany, GA 31708-1549

### Transfer Agent

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, NJ 07016-3572  
(800) 368-5948

### Annual Report Form 10-K

A copy of the Form 10-K Annual Report of the Company filed with the Securities and Exchange Commission is made a part of this 2002 Annual Report by insertion.

### Stock Listing

PAB Bankshares' stock is traded and quoted on the American Stock Exchange under the symbol PAB.

### Shareholder Information

Shareholders requiring a change of name or address, information about lost certificates, or consolidation of accounts should contact the Transfer Agent.

### Dividend Reinvestment Plan

PAB Bankshares offers a Dividend Reinvestment Plan for automatic reinvestment of dividends in Common Stock of the Company. The plan allows shareholders to reinvest quarterly dividends and make cash investments in PAB stock for a minimum of \$50 per quarter and up to \$5,000 per year, with no brokerage commissions or administrative charges. For more information concerning this convenient and economical way to purchase additional Common Stock and to receive an authorization form, contact:

Maryellen Dampier  
Investor Relations Contact  
PAB Bankshares, Inc.  
P.O.Box 3460  
Valdosta, GA 31604-3460  
(229) 241-2775  
Fax (229) 241-2774  
[ir@pabbankshares.com](mailto:ir@pabbankshares.com)

## - Annual Stockholder's Meeting -

**Date and Time:** May 27, 2003 at 10:00 a.m.

**Location:** PAB Bankshares, Inc.

**Address:** 3250 North Valdosta Road  
Valdosta, GA 31602